

**AGREEMENT**  
**on Joint Financing of the Permanent Secretariat**  
**of the Intergovernmental Commission TRACECA (PS IGC TRACECA)**  
**between the Governments of the Parties to the Basic Multilateral Agreement**  
**on International Transport for Development of the**  
**Europe – the Caucasus – Asia Corridor**

The Governments of the Parties, hereinafter referred to as "the Parties", to the Basic Multilateral Agreement on International Transport for Development of the Europe – Caucasus – Asia Corridor, signed on 8 September 1998, in Baku, hereinafter referred to as "Basic Agreement",

Viewing the necessity to ensure self-financing of the Permanent Secretariat of the IGC TRACECA, as well as arrangement of meetings of the IGC TRACECA and its working groups established in accordance with the provisions of the Basic Agreement,

Acting in accordance with the provisions of clause 3, Article 9 of the Basic Agreement,

Agreed to sign the present Agreement, hereinafter referred to as "Agreement on Financing".

**Article 1**  
**General Provisions**

1. The provisions of the present Agreement on Financing shall regulate the joint financing of the activity of the Permanent Secretariat of the Intergovernmental Commission TRACECA (PS IGC TRACECA).
2. Annual Budget for each next year shall be approved by the decision of the IGC TRACECA at the Annual Meeting of the IGC TRACECA. This decision is obligatory for all the Parties.
3. A fiscal year shall last from January 1<sup>st</sup> to December 31<sup>st</sup>.
4. Contributions of the Parties and relevant accounting within the framework of the PS IGC TRACECA shall be provided in Euro unless otherwise specified in the correspondent decision of the IGC TRACECA.

**Article 2**  
**Principles of Joint Financing**

1. Financial resources of an annual budget shall be provided out of the contributions of the Parties to the present Agreement on Financing, as well as out of other sources.
2. Financial contributions of the Parties shall be equal.
3. The annual budget, and accordingly Parties' contributions, shall be determined on the basis of:
  - a) expenditures envisaged for the next fiscal year;
  - b) incomes (receipts) expected in the following fiscal year;
  - c) remaining amount of finances (balance) of the preceding year
  - d) other revenues.

**Article 3**  
**Structure of the Annual Budget**

1. Revenues of the PS IGC TRACECA include:
  - a) contributions of the Parties for the current fiscal year;
  - b) remaining amount of finances (balances) of the preceding year;
  - c) revenues from bank interests, exchange rates;
  - d) grants from donors and organizations;
  - e) other revenues



2. Expenditures of the PS IGC TRACECA annual budget shall include:
  - a) Indemnities to Management and Staff Members of the PS IGC TRACECA  
All expenses related to the regular reimbursement to the PS IGC TRACECA Management, Staff Members and National Secretaries of: salaries, medical insurance, allowances, accommodation expenses.
  - b) Office Expenses  
All expenses related to the operation of the PS IGC TRACECA Headquarters in Baku and its Permanent Representations in the Parties to the Basic Agreement including communication costs, travel expenses, cars operation, cost of the TRACECA Website, cost of the Database, materials dissemination, printing, publications, stationary;
  - c) Re-investments  
All expenses related to the procurement of modernized investment goods required to operate the PS IGC TRACECA Headquarters and its Permanent Representations, such as: computer hard and software, office equipment and facilities, car, refurbishment/renewal of offices;
  - d) Meetings of the IGC and Working Groups  
All expenses related to the organization and implementation of TRACECA events such as: travel expenses, accommodation, catering, production and distribution of documents, local transport;
  - e) Other expenses  
Expenditures on bank accounts services, differences in exchange rates, any other costs not mentioned in this list.

#### **Article 4 Contributions Transfer**

1. Parties shall transfer their membership contributions to the account of the PS IGC TRACECA with Headquarters based in Baku, the Republic of Azerbaijan, for the next financial year until December 31 of the current year and not later than March 31 of the next year.
2. In case of non-observance of the provisions of the clause 1 of the present Article, the IGC TRACECA, acting under the provisions of the Articles 8 and 12 of the Basic Agreement shall formulate appropriate decisions.

#### **Article 5 Budget Procedure**

1. A draft budget shall be elaborated by the Permanent Secretariat and accompanied by an explanatory note. The explanatory note shall include an analysis of receipts and expenditures for the previous period and reasons for changes in separate items of the draft budget in comparison with data for the reporting period.
2. The Parties shall be informed on a draft budget and an explanatory note not less than 3 (three) months before opening of the regular session of the IGC TRACECA.
3. National Secretaries of the PS IGC TRACECA shall submit to the PS IGC TRACECA comments of the Parties to the Basic Agreement on the draft budget of the IGC TRACECA not less than 2 (two) months before opening of the regular session of the IGC TRACECA.
4. Comments of the Parties shall be enclosed to an explanatory note and submitted to the Parties 2 (two) weeks before the meeting of the PS IGC TRACECA.



5. The draft budget, explanatory note and comments of the Parties shall be considered at the meeting of the PS IGC TRACECA.
6. Parties shall be informed on the draft budget agreed in accordance with items 2-4 of the present Article not less than 3 (three) weeks before opening of the regular session of the IGC TRACECA.
7. The Secretary General of the PS IGC TRACECA shall introduce the draft budget to the IGC TRACECA for approval.
8. Before approval of the budget expenses shall be incurred on the assumption of ensuring regular activities of the PS IGC TRACECA, taking into account expenditures for the similar period of the past fiscal year.
9. On spending the amounts approved in accordance with the certain item in the budget, the Secretary General of the PS IGC TRACECA is authorized in case of need to allow utilization of the resources within the limits of 20 % of the given item by economizing funds in other items.
10. The Secretary General of the PS IGC TRACECA shall be responsible for the budget management in accordance with the provisions of the present Agreement on Financing and on the basis of the IGC TRACECA decisions pertaining to the working program and budget.
11. The Secretary General of the PS IGC TRACECA shall provide a Financial report on the budget execution for the preceding year. The Financial report will be adopted by the Resolutions of the IGC TRACECA.
12. The IGC TRACECA will establish an auditing team on supervision over the budget execution. The team will include 3 experts from different Parties, none of which is the Chairman-in-office. The staff of the auditing team will be determined by the Resolutions of the IGC TRACECA.
13. The auditing team will have access to all books of financial accounts and other relevant documents. The PS IGC TRACECA shall be liable to assist with financial supervision and to provide all the required references on control issues.
14. Outcomes of an audit will be drawn up in an Auditors' report inclusive of conclusions of the experts and their recommendations on improvement of financial activities of the PS IGC TRACECA. This Auditors' report will be signed by all members of the auditing team. The Secretary General of the PS IGC TRACECA is authorized to provide his/her comments to the report in written form.
15. Before submitting the Financial report on budget execution and the Auditors' report to the IGC TRACECA Meeting for consideration, the reports shall be discussed at the Meeting of the PS IGC TRACECA mentioned in item 5 of the present Article.

## **Article 6**

### **Financial Documents and Operations**

1. Financial operations, documentation and reporting procedure will be performed in terms of the national legislation of the PS IGC TRACECA Headquarters host country in accordance with the IGC TRACECA documents and decisions.
2. All the documents pertaining to financial obligations including accounts and other bank documents will be signed by the Secretary General of the PS IGC TRACECA.
3. Accounting and other financial documents (account-books, orders, logbooks, sales checks, etc.) applied to in the routine work of the PS will be properly archived during 10 (ten) years with the view of financial reporting.

## **Article 7**

### **Presentation of Amendments and Additions**

1. Should the Parties agree, the present Agreement on Financing could be amended or added by the Protocol on amendments and additions, which will become an integral part of the present Agreement on Financing.



2. The manner of entry into force of Protocols on amendments and additions shall be same as for the Agreement on Financing.

### **Article 8 Depositary**

1. The Depositary of the Agreement on Financing shall be the Republic of Azerbaijan which will send the certified copies of the Agreement on Financing to the Parties who signed it
2. The Depositary shall inform the Parties of accession of other states to the Agreement on Financing and of termination in respect of any of the Parties.

### **Article 9 Entry into Force, Accession and Validity**

1. The present Agreement on Financing shall enter into force thirty days after the forth Document of Ratification or Acceptance is deposited with the Depositary, said in Article 8 hereof.
2. Should the present Agreement not enter into force before January 1, 2006, it shall be provisionally applied till its entry into force.
3. Provisional application of the present Agreement on Financing shall terminate by its entry into force.
4. The Agreement on Financing is open for accession of the Parties to the Basic Agreement.
5. The Documents of Accession shall be deposited for keeping with the Depositary, referred to in Article 8 of the present Agreement on Financing.
6. For every country, which ratifies, accepts or accedes to the present Agreement on Financing after the forth Document of Ratification or Acceptance is deposited with the Depositary, the Agreement shall enter into force after thirty days upon depositing its Document of Ratification, Acceptance or Accession.
7. The present Agreement on Financing shall be effective for the period of validity of the Basic Agreement.

Done at Baku, Republic of Azerbaijan, on 21 April 2005 in one original copy in the English and Russian languages, both of them being equally authentic.

**For the Government of the Republic of Azerbaijan**

**For the Government of the Republic of Moldova**

**For the Government of the Republic of Bulgaria**

*A. Koushuova*

**For the Government of Romania**

**For the Government of Georgia**

*(with reservations)*

**For the Government of the Republic of Tajikistan**

**For the Government of the Republic of Kazakhstan**

**For the Government of the Republic of Turkey**

**Reservation of Georgia  
to the Agreement on Joint Financing of the Permanent Secretariat of the  
Intergovernmental Commission TRACECA (PS IGC TRACECA)  
between the Governments of the Parties to the Basic Multilateral Agreement  
on International Transport for Development of the Europe – the Caucasus – Asia Corridor**

For Georgia the text of the Article 4, clause 1 shall read as follows: "Parties shall transfer their membership contributions to the account of the PS IGC TRACECA with Headquarters based in Baku, the Republic of Azerbaijan, for the next financial year until December 31 of the current year and not later than June 30 of the next year".

**Deputy Minister  
of Economic Development  
of Georgia**

**Tamar Kovziridze**

